

January 1, 2021

Dear Valued Client:

It is my sincere hope that you and your families are well and navigating one of the most difficult years in modern history as best as you can. Here is to 2021 being the beginning of a beautiful new future for each of you.

VIRTUAL OFFICE SET-UP

BPTS will continue to operate virtually this tax season. We are happy to offer the following options for your tax preparation needs; drop-off, mail or secure document upload. BPTS is not offering in person client appointments this tax year. We are happy to schedule client appointments via Zoom or conference call upon receipt of all of your required tax documents. Client appointments can be scheduled by phone or email.

STIMULUS CHECK

Most of you received a "Stimulus Check" this year, please provide to us IRS Notice 1444 which you should have received from the IRS so we can reconcile any differences.

ELECTRONIC FILING

The 2021 IRS Electronic filing is scheduled to begin sometime in January and the timely filing deadline is April 15th. It is strongly encouraged that you file your taxes as soon as your documents are available. Please note that by law, tax refunds for returns that are eligible for the earned income credit and the refundable portion of the child tax credit cannot be issued until mid-February.

I urge parents of college students to file their taxes for them, since more often than not they can get the benefit of a greater educational deduction and the student must use the special dependent filing status for their taxes.

Bracey's Professional Tax Service, Inc. accepts all major credit and debit cards; in addition, we again are offering Fee-Collect which allows our fees to be directly debited from your federal refund for a nominal fee.

We sincerely thank each of you for your continued patronage, and we welcome and appreciate your client referrals. We are happy to meet with you throughout the year for tax planning, retirement and similar income tax related issues. We look forward to serving each of you soon.

Appreciatively,



Beulah B. Bracey, EA, ATA, NTPI Fellow

NOTABLE 2020 DEDUCTIONS

- Allowance of distributions from retirements accounts limited to \$100k or less without penalty due to age.
- Above the line deduction of \$300 for charitable contributions for those who do not itemize their deductions.
- The medical expense deduction remains at 7.5 % of income.
- It is important that clients submit pertinent deductions to the office. In some situations, especially for Maryland residents it may make sense to itemize on federal returns even if deductions are below the threshold to save on state income taxes.
- The single greatest tax "loophole" for most taxpayers is the deferral of up to \$19,500 in your retirement plan through your employer with a catch-up contribution of up to \$6,500 if you are over 50.

REQUIRED FILING DOCUMENTS

- W-2 form(s) & unemployment compensation
- 1099 form (s) | retirement, interest, dividend and brokers
- Mortgage statements
- 1098 form(s)
- 1095 health insurance form(s)
- Any other official IRS documents

TAX WITHHOLDING CALCULATIONS

If you would like a calculation made to ensure that your tax withholdings are correct, please provide us with a paystub for each taxpayer at the time of your virtual appointment or drop off.

2020 TAX CHECKLIST

Use the checklist to assist you in preparing your documents for your tax filing.

CONTACT INFORMATION

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